

**MANUFACTURING+**  
**SALES & USE TAX**  
**EXEMPTION**



*New  
Employment*  
**CREDIT**

**G E D I**

**GOVERNOR'S ECONOMIC  
DEVELOPMENT INITIATIVE**



# Manufacturing Equipment+ Sales & Use Tax Exemption

## Incentive Type

- Sales Tax Exemption

## Value of Incentive

- Eliminates California portion of sales tax (4.1875%)

## Maximum Annual Amount

- \$200 million of equipment regardless of entity type

## Getting Incentives

- Benefit immediate - no state tax paid at time of purchase

## Business Location

- Anywhere in California

## Equipment Qualified for Manufacturing Equipment+ Sales & Use Tax Incentive

- Basic manufacturing equipment PLUS...
  - Food processing equipment
  - Manufacturing R&D equipment
  - Biotech manufacturing equipment
  - Biotech R&D equipment
  - Food processing R&D equipment
  - Addition of necessary tenant improvements (ex: clean rooms for biotech, manufacturing, et al.)



# New Employment Credit

Middle Class Wages	<ul style="list-style-type: none"><li>• Credit based on wages <u>above</u> 150% of min wage &amp; up to 350% of min wage (or above \$10 an hour base in limited pilot areas)</li></ul>
Max Credit Amount	<ul style="list-style-type: none"><li>• \$63,000 per employee (5-year total, 2,000 hours)</li></ul>
Credit Calculation	<ul style="list-style-type: none"><li>• 35% of qualifying wages each year</li></ul>
Employee Qualifications	<ul style="list-style-type: none"><li>• Persons unemployed 6 months, veterans within one year of separation, EITC recipients, ex-offenders and recipients of CalWorks or general assistance</li></ul>
Poverty Area Targeting	<ul style="list-style-type: none"><li>• Areas based on census tracts with highest unemployment and poverty rates as well as LAMBRAS and current enterprise zone boundaries (excluding wealthy areas)</li></ul>
Retroactive Availability	<ul style="list-style-type: none"><li>• No retroactive availability</li></ul>
Credit to Replace Current Employees	<ul style="list-style-type: none"><li>• Employer gets credit only for increasing jobs</li></ul>
Incentive Transparency	<ul style="list-style-type: none"><li>• Tax credit info will be publicly posted on FTB webpage</li></ul>



# California Competes Credit

## Incentive Type

- Income tax credit negotiated between GO-Biz and businesses that want to come to California or stay and grow in California

## Amount of Credit

- Credit amount depends on several factors including:
  - The number of jobs the business will create or retain and the compensation paid to its employees
  - The amount of investment in California by the business as well the business' economic impact here
  - No single business will receive more than 20% of the total amount available.

## Business Location

- Location can be ANYWHERE in California

## Business Size

- Credit available to both large and small businesses. 25% of available credit each year specifically reserved for small businesses (gross receipts of less than \$2M)

## Incentive Transparency

- All CC incentive awards will be made public and award information must be posted on the GO Biz web page